

Angela Landis
Frederick W. Fuhrman Post 23
Home Association
VIA E-MAIL: almlandis@comcast.net

RE: Drink Chips at Clubs

Dear Ms. Landis:

ISSUE: This office is in receipt of your e-mail dated September 16, 2013, wherein you indicate that you are the manager of the Lebanon Veterans of Foreign Wars ("VFW") and that the Board of Directors has asked you to inquire about the purchase of drinks by guests of the club. You note that guests of club members are not permitted to buy drinks themselves. You ask whether it is legal for a guest to obtain a drink utilizing a drink chip that was purchased by a club member on the guest's behalf.

Records maintained by the Pennsylvania Liquor Control Board ("Board") indicate that the Frederick W. Fuhrman Post 23 Home Association holds Catering Club License No. CC-322 (LID 62238) for premises located at 718 Chestnut Street, Lebanon, Pennsylvania.

OPINION: Section 406 of the Liquor Code provides that no club liquor licensee, nor its officers, servants, agents or employees, other than one holding a catering club liquor license, shall sell any liquor or malt or brewed beverages to any person except a member of that club. [47 P.S. Section 4-406(a)]. As such, one must be a member of the club in order to purchase alcoholic beverages on its licensed premises. A club member may bring a guest or guests to the club, and the club may sell/serve the guests food and non-alcoholic beverages. However, if the guests wish to purchase alcoholic beverages, the beverages must be purchased by and paid for by the club member, since non-members cannot purchase alcoholic beverages.

The club may use chips or tokens to purchase alcoholic beverages. Such tokens must be purchased by the member for use by the non-member. When that member departs the club, the guest may not continue to use the tokens to be served alcoholic beverages; such tokens could, however, be redeemed for the service of non-alcoholic beverages.

Please also note that patrons of a catering club may purchase alcoholic beverages from the club even if they are non-members, as long as they are present on the licensed premises as part of a catered event. A catered event is one involving the furnishing of liquor or malt or brewed beverages, or both, to be served with food prepared on the premises or brought onto the premises already prepared, for accommodation of groups of non-members who are using the facilities of the club by prior arrangement, made at least twenty-four (24) hours in advance of the time of the function, and which is paid for by the non-members. [40 Pa. Code Section 5.83(a)]. Records must be kept showing the date and time catering arrangements were made, the name of the person or the organization making the arrangements, and the approximate number of persons to be accommodated. [40 Pa. Code Section 5.83(b)]. The catering club cannot self-sponsor a catered event.

Lastly, please note also that a club licensee is required to adhere to its constitution and bylaws. [40 Pa. Code Section 5.81]. Therefore, if the club constitution or bylaws contain rules regarding the use of drink chips or tokens, those rules must be followed so long as those rules do not conflict with the rules outlined above.

THIS OPINION APPLIES ONLY TO THE FACTUAL SITUATION DESCRIBED HEREIN AND DOES NOT INSULATE THE LICENSEE OR OTHERS FROM CONSEQUENCES OF CONDUCT OCCURRING PRIOR TO ITS ISSUANCE. THE PROPRIETY OF THE PROPOSED CONDUCT HAS BEEN ADDRESSED ONLY UNDER THE LIQUOR CODE AND REGULATIONS. THE LAWS AND POLICIES ON WHICH THIS OPINION IS BASED ARE SUBJECT TO CHANGE BY THE LEGISLATURE OR THE PENNSYLVANIA LIQUOR CONTROL BOARD.

Very truly yours,

FAITH S. DIEHL
CHIEF COUNSEL

cc: Pennsylvania State Police, Bureau of Liquor Control Enforcement
Jerry W. Waters, Director of Office of Regulatory Affairs
Tisha Albert, Director, Bureau of Licensing
Jeffrey Lawrence, Assistant Director, Bureau of Licensing

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